Company No. 06436883

Aimia Holdings UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

DIRECTORS AND ADVISERS

Corporate Secretary

Vistra Cosec Limited

Directors

S Leonard
M Palmer
J Reader

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London WC2N 6RH

Bankers

RBC Royal Bank
1 Place Ville Marie
Montreal, Quebec

Solicitors

MacFarlanes LLP
20 Cursitor Street
London EC4A 1LT

Registered Office

Suite 1, 3rd Floor
11-12 St. James Square
London SW1Y 4LB

STRATEGIC REPORT

The directors present their Strategic Report for Aimia Holdings UK Limited ("the Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is that of a holding company.

Business review and key performance indicators

As a holding company the Company holds investments for the Aimia Inc. group of companies. The Company has no key performance indicators that it uses to manage the business.

The profit for the year ended 31 December 2021 is £7,901,000 (2020: £17,568,000). Net assets at 31 December 2021 were £53,086,000 (2020: £52,623,000).

The profit for the year is mainly attributable to dividends received from investment in PLM Premier S.A.P.I. de C.V. ("PLM") for an amount of £7,639,000 (2020: £5,334,000). In 2021, PLM resumed its dividends which resulted in dividends increase in 2021 compared to the prior year. In 2020 as a result of COVID-19 impacts, PLM temporarily halted distributions payments in the second half of 2020.

Events after the balance sheet date

PLM transaction

On 8 February 2022, Aimia Inc. announced that its wholly-owned subsidiaries Aimia Holdings UK Limited and Aimia Holdings UK II Limited had entered into a binding letter of intent (the "Binding LOI") with PLM and Grupo Aeromexico, S.A.B. de C.V. and Aerovías de México, S.A. de C.V. (collectively, "Aeromexico") to divest the Aimia's 48.9% equity stake in PLM (of which, a 24.5% equity stake is owned by Aimia Holdings UK Limited, with the remaining 24.4% equity stake being owned by Aimia Holdings UK II Limited, another subsidiary of Aimia Inc.) upon which PLM will become a wholly-owned subsidiary of Aeromexico.

On 30 June 2022, Aimia confirmed the execution of the definitive transaction agreement (the "Definitive Agreement") in connection with the previously announced PLM transaction. The Definitive Agreement reflects the terms and conditions of the Binding LOI as previously announced by Aimia on 8 February 2022. Separately, the Mexican antitrust authorities "COFECE" approved the transaction on 16 June 2022. The PLM transaction closed on 15 July 2022.

At the closing of the transaction, Aimia Holdings UK Limited received £170.0 million (US$201.2 million) in net cash proceeds, subject to certain adjustments to be made at closing pursuant to the Definitive Agreement. In addition, an earn-out in an amount of approximately £8.7 million (US$10.3 million) on a net basis, is payable to Aimia Holdings UK Limited in cash should the PLM loyalty program achieve certain targeted annual gross billings amounts by 2024. The sterling amounts have been translated at a USD/GBP exchange rate as of 15 July 2022.

Based on current carrying value of PLM, current expected proceeds, fair value estimation of the contingent consideration, transactions costs and the release of cumulative translation adjustments, Aimia Holdings UK Limited expects to recognize a gain on disposal of approximately £141.4 million at closing, subject to certain adjustments to be made at closing pursuant to the Definitive Agreement.

Share subscriptions

On 20 July 2022, the Company subscribed for Aimia Services UK Limited and Aimia Holdings US Inc ordinary shares for an aggregated subscription price of £16,046,000 and £4,408,000, respectively.

Future developments

The directors intend that the Company continues to hold investments for the Aimia group. Depending on the location of Aimia's future investments, a portion or all of the PLM proceeds may be returned to the parent company.

Principal risks and uncertainties

Liquidity

The Company is a holding company and its principal liquidity risks arise from the cash flow from intra-group dividends. However, ongoing administrative expenditure is very low and cash reserves significant in comparison. Consequently, liquidity risk is considered to be insignificant.

Credit risk

The credit risk on cash and cash equivalents is limited because the counterparty is an international bank with high credit-rating assigned by international credit-rating agencies. The Company has no history of credit loss arising from those financial instruments. Consequently, credit risk is considered to be insignificant.

Impact of COVID-19 on the Company and its investments

Over the past years, we have seen the impact that the COVID-19 pandemic is having on human health, the global economy and associated government measures to curb the spread of the virus, which included varying degrees of self-quarantine and border closures. The Company has been addressing the COVID-19 situation, working to mitigate the potential impacts on the business. The Company being a holding company, the pandemic does not directly affect its operations.

Investment in PLM

The PLM coalition program has been impacted by COVID-19. The most significant impact has been on Aeromexico, the airline partner of PLM due to unprecedented border closures and travel restrictions. As the activities of Aeromexico are reduced, the cash inflows of PLM are reduced given lower points accumulation by the program members who accumulate on Aeromexico flights. In addition, the pandemic has impacted businesses and consumers credit card spending which has adversely impacted cash inflows of the program. Partially offsetting these impacts are lower cash outflows due to a significant reduction in points redemption by the program members with respect to airline rewards and cost cutting initiatives put in place by PLM to mitigate the lower levels of operating margins generated.

On 30 June 2020, Aeromexico commenced Chapter 11 proceedings and subsequently emerged on 17 March 2022, after successfully completing its financial restructuring.

The carrying amount of the Company's investment in PLM as of 31 December 2021 is £31.1 million. As indicated in the *Events after balance sheet date* section above, Aimia Holdings UK Limited and Aimia Holdings UK II Limited entered into a Definitive Agreement with Aeromexico to divest the Company's investment in PLM for an amount substantially greater than its carrying value. The transaction closed on 15 July 2022.

On behalf of the board

S Leonard
Director
30 August 2022

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Dividends

No interim dividends were declared during the year (2020: £nil). The directors are not declaring a final dividend in respect of the year ended 31 December 2021 (2020: £nil).

Political Donations

It is the Company's policy not to make political contributions and accordingly none was made in the year (2020: £nil).

Directors

The directors who held office during the year and up to the date of this report were as follows:

E Vo-Quang (Resigned on 31 March 2021)
S Leonard
M Palmer
J Reader

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company provided throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Financial risk management

The Company's financial risk management information is not considered to be material for the assessment of the Company's assets, liabilities, financial position and profit or loss. Liquidity and credit risks are deemed to be the only financial risks to which the Company is exposed, as disclosed in the Strategic Report.

Business review, events after the balance sheet date and future developments

Detail of the business review, events after the balance sheet date and future developments can be found in the Strategic Report.

Going concern

As of 31 December 2021 and as of the date of this report, the Company had significant cash on hand and investments, with minimal liabilities and minimal cost structure.The directors have therefore adopted the going concern basis of accounting in preparing the annual financial statements. The Company currently does not expect material change to its business plan that could affect the recoverability of assets associated with its operating businesses.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

S Leonard
Director
30 August 2022

Independent auditors' report to the members of Aimia Holdings UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aimia Holdings UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with UK tax regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiring of management around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations, including UK tax regulation;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Daulet Bek.

Daulet Bekmukhamedov (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 September 2022

STATEMENT OF COMPREHENSIVE INCOME

(in £000)		Years Ended 31 December, 2021	2020
Dividends income	Note 11	7,639	5,334
Restructuring gain	Note 11	—	14,029
Professional services	Note 4	(260)	(427)
Finance income	Note 8	604	330
Finance costs	Note 9	(82)	(1,698)
Profit before income tax		**7,901**	17,568
Income tax expense	Note 10	—	—
Profit for the financial year		**7,901**	17,568
Other comprehensive income			
Items that will be classified to profit (loss)			
Presentation currency translation adjustment		**799**	—
Total other comprehensive income		**799**	—
Total comprehensive income for the financial year		**8,700**	17,568

All of the Company's operations are continuing.

STATEMENT OF FINANCIAL POSITION

As at *(in £000)*		31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Investments	Note 11	38,079	37,656
Current assets			
Other receivables	Note 12	13,640	14,803
Cash and cash equivalents		1,485	199
		15,125	15,002
TOTAL ASSETS		**53,204**	52,658
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	Note 13	(118)	(35)
Total liabilities		**(118)**	(35)
Net current assets		**15,007**	14,967
Net assets		**53,086**	52,623
Equity			
Called up share capital	Note 14	3,155	3,155
Share premium account	Note 15	166,509	174,746
Cumulative translation adjustment		799	—
Accumulated losses		(117,377)	(125,278)
Total Equity		**53,086**	52,623

The financial statements on pages 9 to 25 were authorised by the Board of Directors on 30 August 2022 and were signed on its behalf by:

S Leonard
Director

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020		Called up share capital	Share premium account	Cumulative translation adjustment	Accumulated losses	Total Equity
(in £000)						
Balance, 31 December 2019		3,154	172,737	—	(142,846)	33,045
Comprehensive income						
Profit for the year		—	—	—	17,568	17,568
Total comprehensive income		—	—	—	17,568	17,568
Transactions with owners						
Share capital issued		1	2,009	—	—	2,010
Total transactions with owners		1	2,009	—	—	2,010
Balance, 31 December 2020		3,155	174,746	—	(125,278)	52,623
Comprehensive income						
Profit for the year		—	—	—	**7,901**	**7,901**
Currency translation adjustment		—	—	**799**	—	**799**
Total comprehensive income		—	—	**799**	**7,901**	**8,700**
Transactions with owners						
Return of capital	Note 15	—	**(8,237)**	—	—	**(8,237)**
Total transactions with owners		—	**(8,237)**	—	—	**(8,237)**
Balance, 31 December 2021		**3,155**	**166,509**	**799**	**(117,377)**	**53,086**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

THESE FINANCIAL STATEMENTS CONTAIN THE FOLLOWING NOTES:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

1. GENERAL INFORMATION

Aimia Holdings UK Limited ("the Company") is a private company limited by shares incorporated in the UK and domiciled in England and is a holding company, holding investments for the Aimia Inc. group of companies. It indirectly owns an SEC-registered investment adviser that provides discretionary portfolio management to institutional investors and high-net-worth individuals.

The Company is owned by Aimia Inc., a Canadian company. Aimia Inc. is also its ultimate parent company and controlling party. The registered and head office of Aimia Inc. is at 176 Yonge Street, Office 06-128, Toronto, Ontario, M5C 2L7.

The largest group in which the results of the Company are consolidated is that headed by Aimia Inc.; no other group financial statements include the results of the Company. The consolidated financial statements of Aimia Inc. are available at www.aimia.com.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act).

The financial statements have been prepared on the historical cost convention.

The Company is a qualifying entity for the purposes of FRS 101. *Note 1* gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- IAS 7, 'Statement of cash flows';
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group;
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements of: Paragraph 79(a)(iv) of IAS1;
- The following paragraph of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flow);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);

NOTES TO THE FINANCIAL STATEMENTS

  - 111 (statement of cash flows information); and
  - 134 – 136 (capital management disclosures).
- IFRS 7, 'Financial instruments: Disclosures'; and
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

New accounting standards

During the year ended 31 December 2021, the following accounting standards and guidance were adopted by the Company:

IFRS 9/IAS 39 Interest rate benchmark reform (Phase II)

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 representing the finalization of Phase II to address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The amendments are effective for annual reporting periods beginning on or after 1 January 2021. The Company has assessed the impact of the amendments and concluded that they had no impact on its financial statements.

IFRS 16 COVID-19 rent concession amendment

The IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 January 2021. The Company has assessed the impact of the amendment and concluded it had no impact on its financial statements.

Investments

Investments are stated at cost less any charges of impairment.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provision of the instrument.

The Company classifies its financial assets as measured at amortized cost, fair value thought profit and loss (FVPL) or fair value through other comprehensive income (FVOCI). Management determines the classification of its financial assets at initial recognition.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The Company recognises lifetime expected credit losses (ECL) for trade receivables and twelve month expected credit losses for intercompany receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The carrying amount is reduced by the ECL through the use of a provision account. When a receivable balance is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision are recognised in the Statement of operations.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and short term highly liquid investments with original maturities of less than three months.

Related party and other receivables

Related party and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment.

Foreign currency translation

Starting 1 January 2021, the Company's functional currency is the US dollar (*Note 3*). Transactions denominated in foreign currencies are translated to the functional currency using the rate of exchange in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate in effect at the statement of financial position date. Any exchange gains and losses arising are taken to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

Presentation currency

Based on certain reporting requirements in the UK where the Company is incorporated and domiciled, the Company has chosen to continue to use the pound sterling as its presentation currency. The Company's operations therefore have a functional currency that is different from the presentation currency starting 1 January 2021. The assets and liabilities of the Company are translated at the rates of exchange prevailing at the statement of financial position date. Material income and expenses transaction are translated at the exchange rates at the date of those transactions while other income and expenses transaction are translated at the average rates for the year. Translation gains or losses are recognized in other comprehensive income and included in accumulated other comprehensive income.

When an investment of the Company is disposed of, the relevant amount in the cumulative amount of foreign currency translation adjustments is transferred to earnings as part of the profit or loss on disposal.

Current and deferred taxation

Taxation provided is that chargeable on the profits, together with deferred taxation.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Going Concern

As of 31 December 2021 and as of the date of this report, the Company had significant cash on hand and investments, with minimal liabilities and minimal cost structure.The directors have therefore adopted the going concern basis of accounting in preparing the annual financial statements. The Company currently does not expect material change to its business plan that could affect the recoverability of assets associated with its operating businesses.

Impact of COVID-19 on the Company and its investment

Over the past years, we have seen the impact that the COVID-19 pandemic is having on human health, the global economy and associated government measures to curb the spread of the virus, which included varying degrees of self-quarantine and border closures. The Company has been addressing the COVID-19 situation, working to mitigate the potential impacts on the business. The Company being a holding company, the pandemic does not directly affect its operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

Investment in PLM

The PLM coalition program has been impacted by COVID-19. The most significant impact has been on Aeromexico, the airline partner of PLM due to unprecedented border closures and travel restrictions. As the activities of Aeromexico are reduced, the cash inflows of PLM are reduced given lower points accumulation by the program members who accumulate on Aeromexico flights. In addition, the pandemic has impacted businesses and consumers credit card spending which has adversely impacted cash inflows of the program. Partially offsetting these impacts are lower cash outflows due to a significant reduction in points redemption by the program members with respect to airline rewards and cost cutting initiatives put in place by PLM to mitigate the lower levels of operating margins generated.

On 30 June 2020, Aeromexico commenced Chapter 11 proceedings and subsequently emerged on 17 March 2022, after successfully completing its financial restructuring.

The carrying amount of the Company's investment in PLM as of 31 December 2021 is £31.1 million. As indicated in *Note 16,* Aimia Holdings UK Limited and Aimia Holdings UK II Limited entered into a Definitive Agreement with Aeromexico to divest the Company's investment in PLM for an amount substantially greater than its carrying value. The transaction closed on 15 July 2022.

At 31 December 2021, the investment in PLM did not meet the criteria to be presented as an asset held for sale.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year and areas that require significant judgements are listed below.

Impairment reviews

For the purposes of impairment, management reviews the carrying amount of investments at the individual investment level given that each investment generate cash inflows that are largely independent from other investments. At 31 December 2021, these individual investments were the following: PLM Premier S.A.P.I. de C.V., Aimia International Trading BV and Aimia Holdings US Inc. (including all of its wholly-owned subsidiaries).
The impairment review is based on the estimation of the investments' recoverable amounts. The recoverable amounts of the Company's investments were based on their fair value less cost of disposal, unless an investment has substantial non committed net assets in excess of this.

As a result of the impairment review no impairment has been charged in the year. Refer to *Note 2* and *Note 11* for more details.

(Tables in £000, except otherwise noted)

Determination of functional currency

The functional currency of a company is determined by the currency of the primary economic environment in which it operates. With the sale of UK operating subsidiaries in 2020, management has reassessed the functional currency of the Company as at 1 January 2021 in accordance with IAS 21 "*The effects of changes in foreign exchange rates*". As the Company is an intermediate holding company and its functional currency indicators are mixed, management must exercise judgement in order to determine its functional currency.

As the Company is a foreign operation, management has considered whether its activities are carried out as an extension of its parent but, when considering indicators such as the cash inflows primary indicator, management has concluded that the Company's results are dependent on the results of the entities it invests in and that, therefore, the US dollar is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

Based on the above, management has changed the functional currency of the Company from pound sterling to US dollar as at 1 January 2021.

Transfer of the investment in Mittleman Brothers

During the year ended 31 December 2020, the Company also relied on significant estimates and assumptions related to the transfer of the investment in Mittleman Brothers between certain Aimia Inc. group companies, including the Company. Refer to *Note 11* for more details on this transfer.

4. PROFESSIONAL SERVICES

	Years Ended 31 December	
	2021	2020
Professional services [a]	122	427
Legal Fees [b]	138	—
	260	427

(a) Included within Professional services are auditors' remuneration (Note 5) and board retainer fees (Note 6).
(b) Legal Fees include fees in relation to divestiture of equity stake in PLM.

5. AUDITORS' REMUNERATION

	Years Ended 31 December	
	2021	2020
Audit of the financial statements	22	26
Tax compliance services	3	3
	25	29

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

6. DIRECTORS' EMOLUMENTS

	Year Ended 31 December,	
	2021	2020
Board Retainer Fees	8	8
	8	8

The remuneration of Mr. Leonard and Mr. Vo-Quang (former director of the Company) were paid by the parent company which makes no recharge to the Company. Mr. Leonard is the Chief Financial Officer of the parent company and Mr. Vo-Quang was the General Counsel and Corporate Secretary of the parent company, until his departure on 31 March 2021. The Directors are employed by group companies and it is not possible to make an accurate apportionment of emoluments in respect of each of their time spent performing director services to the Company. Accordingly, the above details include no remuneration in respect of Mr. Leonard and Mr. Vo-Quang. Mr. Leonard's total remuneration is publicly available in Aimia Inc. Management Information Circular.

Key management compensation

Key management is considered to be the board of directors.

7. EMPLOYEES

The Company had no employees in the year (2020: £nil).

8. FINANCE INCOME

	Years Ended 31 December	
	2021	2020
Intercompany interest	604	330
	604	330

9. FINANCE COSTS

	Years Ended 31 December	
	2021	2020
Intercompany interest	(7)	(20)
Foreign exchange loss	(75)	(1,678)
	(82)	(1,698)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

10. INCOME TAX EXPENSE

	Years Ended 31 December	
	2021	2020
Current tax	—	—
Deferred tax	—	—
Income tax expense	—	—

The income tax expense for the years ended 31 December 2021 and 2020 differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	Years Ended 31 December	
	2021	2020
Profit (loss) before income tax	**7,901**	17,568
Tax calculated at applicable UK tax rate of 19% (2020: 19%)	1,501	3,338
Expenses not deductible	1	32
Dividends receivable not subject to tax	(1,451)	(1,013)
Intercompany balance forgiven	—	(2,666)
Trading losses carried forward	(51)	309
Income tax expense	—	—

As at 31 December 2021 the unrecognised deferred tax asset amounted to £339,000 (2020: £309,000).

A change to the UK corporation tax rate was announced in the Chancellor's Budget in March 2021 to increase the corporation tax rate from 19% to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

11. INVESTMENTS

Cost	
At 1 January 2021	62,256
Additions	—
Disposals	—
Exchange differences	699
At 31 December 2021	62,955
Accumulated impairment	
At 1 January 2021	24,600
Impairment	—
Exchange differences	276
At 31 December 2021	24,876
Net book value	
At 31 December 2020	**37,656**
At 31 December 2021	**38,079**

During the year ended 31 December 2021, the Company received distributions from PLM Premier S.A.P.I. de C.V of £7,639,000 (2020: £ 5,334,000).

Kognitiv transaction

On 18 June 2020, Aimia Inc., the parent company, completed the Kognitiv transaction previously announced on 29 April 2020. The transaction was a contribution of cash and Aimia's Loyalty Solutions business, which included many subsidiaries directly or indirectly owned by the Company, in exchange of an ownership interest in Kognitiv Corporation, a B2B technology platform and services company. After the closing of both the contribution of the Loyalty Solutions business and the cash investments, Aimia Inc. owned 49.3% of Kognitiv Corporation. The investors rights associated with its ownership percentage did not give Aimia control or joint control over Kognitiv or its operations, but rather a significant influence per the definition of IAS 28. The following subsidiaries directly or indirectly owned by the Company were disposed as part of the Kognitiv transaction:

- Aimia Europe Limited
- Aimia Japan Kabushiki - Kaisha
- Aimia Kantar Insights LLC
- Aimia Loyalty Analytics Korea Ltd
- Aimia Loyalty Analytics UK Limited
- Aimia Loyalty Analytics US Inc.
- Aimia Marketing Doha LLC
- Aimia Proprietary Loyalty Australia Pty Ltd
- Aimia Proprietary Loyalty Belgium SA
- Aimia Proprietary Loyalty Free Zone LLC

- Aimia Proprietary Loyalty (HK) Limited
- Aimia Proprietary Loyalty Singapore Pte Ltd
- Aimia Proprietary Loyalty Sendirian Berhad
- Aimia Prorietary Loyalty UK Limited
- Aimia US Inc.
- Nectar Loyalty Management India Limited
- PT Aimia Proprietary Loyalty Indonesia
- Smart Button Associates Inc.

The Company formed part of Aimia Inc. group companies' reorganisation leading up to the closing of the transaction. The reorganisation included the cancellation and forgiveness of certain amounts due from group undertakings. During the year ended 31 December 2020, additional restructuring steps occurred which resulted in a gain of £14,029,000 upon the transfer of previously impaired investments and related group undertakings in exchange for a related group undertaking from Aimia Inc.

Mittleman Brothers acquisition

Acquisition by Aimia Inc.

On 19 June 2020, Aimia Inc. announced the closing of the acquisition of all outstanding shares of Mittleman Brothers LLC, a related party to the Company and the parent company of Mittleman Investment Management, LLC ("MIM"), a SEC-registered value investment adviser that provides discretionary portfolio management to institutional investors and high-net-worth individuals. The expertise of Mittleman Brothers brings additional capabilities needed to execute Aimia Inc.'s new strategy. With the close of this transaction, Philip Mittleman was appointed permanent Chief Executive Officer of Aimia Inc., and Christopher Mittleman was appointed as the Chief Investment Officer and a member of the Board of Directors of Aimia Inc.

Transfer of MIM to Aimia Holdings US Inc.

On 31 December 2020, as part of a restructuring, Aimia Inc. transferred its investment in Mittleman Brothers to Aimia US Holdings Inc., a subsidiary of the Company. The transfer was structured as a contribution of the investment to the Company in exchange of £453,981 in cash as well as the issuance of 100,000 common shares of the Company for a value of £2,009,800. The value associated with this contribution was based on the fair value of the MIM operations at the time of transfer, which excludes the acqui-hire component existing in the original acquisition for Aimia Inc. (i.e. Philip Mittleman appointment as permanent CEO and Christopher Mittleman appointment as Chief Investment Officer and Board of Director member). The key assumptions included in this valuation included:

- Terminal growth rate of 1.5%;
- Discount rate of 18%.

Following this contribution, the Company contributed the investment in Mittleman Brothers to Aimia US Holdings Inc., in exchange for 100 common shares of Aimia US Holdings Inc. using the same value as indicated above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

Impairment review

After an annual impairment review, no triggering events were identified and no impairment was recorded on any of the Company's investments for the year ended 31 December 2021 and 31 December 2020.

As at 31 December 2021, the Company holds investments in the following entities:

Name	Country of registration or operation	Type of shares held	Proportion held (%)	Nature of business
PLM Premier S.A.P.I. de C.V. *(Notes 2 and 16)*	Paseo de la Reforma No 250 Torre Niza Piso 20 Colonia Juarez, Delegation Cuauhtemoc, C.P. 06600 Mexico	Ordinary	24.5	Loyalty Management
Aimia AM Holdings Inc. *	3411 Silverside Road Tatnall Building #104 Wilmington DE 19810 United States	Ordinary	100	Holding entity
Aimia Holdings US Inc.	1209 Orange Street Wilmington DE 19801 United States	Ordinary	100	Holding entity
Aimia India Loyalty Management Pvt Limited	21, Malkani Mahal, Dr. Annie Besant Road, Prabadevi, Worli, Mumbai - 400030	Ordinary	0.1	Loyalty Services
Aimia Services UK Limited	Suite 1, 3rd Floor 11-12 St. James Square London, SW1Y 4LB, UK	Ordinary	100	Loyalty Services
Air Miles International Trading BV	Herikerbergweg 88, 2nd floor 1101 CM Amsterdam Netherlands	Ordinary	100	Intellectual Property
Master Control LLC *	105 Maxess Road Melville NY 11747 United States	Ordinary	100	Holding entity
Mittleman Investment Management LLC *	105 Maxess Road Melville NY 11747 United States	Ordinary	100	Investment advisory & management

*indirectly held

12. OTHER RECEIVABLES

As at	31 December 2021	31 December 2020
Amounts due from related parties [(a)]	13,633	14,761
Other receivables [(b)]	7	42
	13,640	14,803

(a) Amounts due from related parties are unsecured, interest bearing and repayable on demand. The weighted average interest was 4.1% (2020: 4.1%).

(b) The carrying value of other receivables is consistent with their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

13. OTHER PAYABLES

As at	31 December 2021	31 December 2020
Other Payables	118	35
	118	35

The carrying value of other payables is consistent with their fair value.

14. CALLED UP SHARE CAPITAL

		Number of shares
At 1 January 2021	3,155	315,503,629
Shares Issued	—	—
At 31 December 2021	**3,155**	315,503,629

Share capital represents ordinary shares of nominal value £0.01.

15. SHARE PREMIUM ACCOUNT

At 1 January 2021	174,746
Return of capital	(8,237)
At 31 December 2021	**166,509**

Share premium relates to the consideration received for share capital in excess of the nominal value of shares.

On November 24, 2021 the Board of Directors agreed to reduce the Company's share premium account by £8,237,000 and to return the reduction amount to Aimia Inc., the Company's sole shareholder.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Tables in £000, except otherwise noted)

16. EVENTS AFTER THE BALANCE SHEET DATE

PLM transaction

On 8 February 2022, Aimia Inc. announced that its wholly-owned subsidiaries Aimia Holdings UK Limited and Aimia Holdings UK II Limited had entered into a binding letter of intent (the "Binding LOI") with PLM and Grupo Aeromexico, S.A.B. de C.V. and Aerovías de México, S.A. de C.V. (collectively, "Aeromexico") to divest the Aimia's 48.9% equity stake in PLM (of which, a 24.5% equity stake is owned by Aimia Holdings UK Limited, with the remaining 24.4% equity stake being owned by Aimia Holdings UK II Limited, another subsidiary of Aimia Inc.) upon which PLM will become a wholly-owned subsidiary of Aeromexico.

On 30 June 2022, Aimia confirmed the execution of the definitive transaction agreement (the "Definitive Agreement") in connection with the previously announced PLM transaction. The Definitive Agreement reflects the terms and conditions of the Binding LOI as previously announced by Aimia on 8 February 2022. Separately, the Mexican antitrust authorities "COFECE" approved the transaction on 16 June 2022. The PLM transaction closed on 15 July 2022.

At the closing of the transaction, Aimia Holdings UK Limited received £170.0 million (US$201.2 million) in net cash proceeds, subject to certain adjustments to be made at closing pursuant to the Definitive Agreement. In addition, an earn-out in an amount of approximately £8.7 million (US$10.3 million) on a net basis, is payable to Aimia Holdings UK Limited in cash should the PLM loyalty program achieve certain targeted annual gross billings amounts by 2024. The sterling amounts have been translated at a USD/GBP exchange rate as of 15 July 2022.

Based on current carrying value of PLM, current expected proceeds, fair value estimation of the contingent consideration, transactions costs and the release of cumulative translation adjustments, Aimia Holdings UK Limited expects to recognize a gain on disposal of approximately £141.4 million at closing, subject to certain adjustments to be made at closing pursuant to the Definitive Agreement.

At 31 December 2021, the investment in PLM did not meet the criteria to be presented as an asset held for sale.

Share subscriptions

On 20 July 2022, the Company subscribed for Aimia Services UK Limited and Aimia Holdings US Inc. ordinary shares for an aggregated subscription price of £16,046,000 and £4,408,000, respectively.